

Public Appointments Commission Secretariat

2010-11

Departmental Performance Report

The Right Honourable Stephen Harper
Prime Minister of Canada

Patricia Hassard
Deputy Secretary to the Cabinet
Senior Personnel and Public Service Renewal

Table of Contents

| | |
|--|-----------|
| Section I: Organizational Overview..... | 1 |
| Raison d'être | 1 |
| Responsibilities | 1 |
| Strategic Outcome(s) and Program Activity Architecture (PAA) | 2 |
| Organizational Priorities | 3 |
| Risk Analysis | 4 |
| Summary of Performance..... | 4 |
| Expenditure Profile | 6 |
| Estimates by Vote | 6 |
| | |
| Section II: Analysis of Program Activities by Strategic Outcome | 7 |
| Strategic Outcome | 7 |
| Program Activity: Oversight of Governor-in-Council appointments..... | 7 |
| Performance Summary and Analysis of Program Activity..... | 8 |
| Lessons Learned | 11 |
| Program Activity: Internal Services..... | 13 |
| Performance Summary and Analysis of Program Activity..... | 14 |
| Lessons Learned | 14 |
| | |
| Section III: Supplementary Information..... | 15 |
| Financial Highlights | 15 |
| Financial Highlights Charts and/or Graphs..... | 15 |
| Financial Statements | 17 |
| List of Supplementary Information Tables..... | 17 |
| | |
| Section IV: Other Items of Interest..... | 18 |
| Organizational Contact Information..... | 18 |

Section I: Organizational Overview

Raison d'être

The 2006 *Federal Accountability Act* provides for the creation of the Public Appointments Commission.

The mandate of the Commission is to oversee the processes through which people are appointed to agencies, boards, commissions and Crown corporations. The mandate of the Commission does not extend to making individual appointments.

The Public Appointments Commission Secretariat, which was created by Order in Council on April 21, 2006, is responsible for:

- laying the groundwork for the Commission, including the elaboration of a Code of Practice and associated guidance regarding selection processes for Governor-in-Council appointments;
- providing advice and support in assessing compliance with the Code of Practice, including compliance audits;
- supporting the Commission, once established, with the preparation of an annual report to the Prime Minister and to Parliament, on compliance to the Code of Practice; and
- in advance of the Commission's establishment, supporting Privy Council Office officials in their efforts to continuously improve the efficiency, fairness and transparency of the existing framework governing the public appointments system.

Responsibilities

The primary role of the Secretariat is to provide advice and support for the development of the Commission.

Once the Commission is established, the role of the Secretariat will be to assist the Commission to review and implement its Code of Practice and to implement the policies, procedures and partnerships required to successfully

oversee and report on the selection processes for Governor-in-Council appointments to the agencies, boards, commissions and Crown corporations under the Commission's jurisdiction.

The development work of the Secretariat, which includes research and the identification of best practices, is shared with Privy Council Office officials, who work on a daily basis with partners to improve appointment processes and to ensure that the processes are geared toward the specific needs of the organizations.

Strategic Outcome(s) and Program Activity Architecture (PAA)

The Commission has one strategic outcome, as described below, which is supported by two program activities.

Strategic Outcome

To ensure fair and competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations.

Program Activity: Oversight of Governor-in-Council appointments

Oversight of Governor-in-Council appointments covers activities relating to: the development of options for a principle-based and proportional Code of Practice, including minimum standards covering selection criteria, recruitment strategies and assessment processes; the development of procedures and guidance to assist auditors to assess compliance with the Code of Practice, once implemented; continued research into domestic and international agencies responsible for public appointments to identify best practices; the development of frameworks for reporting to the Prime Minister and Parliament; and internal evaluation frameworks to measure success in achieving the mandate. Additionally, advice and best practices are shared with Privy Council Office officials to support ongoing improvements to existing appointment frameworks.

Program Activity: Internal Services

The Public Appointments Commission Secretariat is limited in size and the Secretariat must function as a department within the meaning of Schedule 1.1 of the Financial Administration Act. For this reason, the Privy Council Office's Corporate Services Branch provides most administrative and financial services under a Memorandum of Understanding.

Organizational Priorities

| Priority | Type ¹ | Strategic Outcome(s) and/or Program Activity(ies) |
|---|-------------------|---|
| Conducting research into domestic and international selection processes to identify trends and best practices. | Ongoing | Oversight of Governor-in-Council appointments |
| Status²: Met All | | |
| <ul style="list-style-type: none"> Support the Commission: Once the Commission is established, the Secretariat will provide policy and operational support to the chair and any members appointed. Build the Organization: In order to support the Commission once established, the Secretariat needs to ensure that the plans for its organizational structure, including fulfilling planning and reporting obligations under Section 1.1 of the <i>Financial Administration Act</i>, are ready. Develop the Code of Practice: The Secretariat's work focuses on researching best practices, conducting literature reviews, consulting with federal departments, agencies, boards, commissions and Crown corporations, as well as other levels of government in Canada and abroad, to develop for the early consideration of the Commission, a Code of Practice and associated guidance for selection processes leading to Governor-in-Council appointments. Monitor, Audit and Report: The 2006 <i>Federal Accountability Act</i> requires the Commission to provide advice on and monitor the application of the Code of Practice and to provide the Prime | | |

1. "Type" is categorized as follows: Previously committed to—committed to in the first or second fiscal year before the subject year of the report; Ongoing—committed to at least three fiscal years before the subject year of the report; and New—newly committed to in the reporting year of the Departmental Performance Report.

2. Performance/Priority Status Legend

| | | |
|--|--------------|----------------|
| "Status" is defined as the per cent (%) of the expected level of performance identified in the Report on Plans and Priorities achieved during the fiscal year. The status legend is shown in the two columns to the right. | Exceeded | more than 100% |
| | Met All | 100% |
| | Mostly Met | 80 to 99% |
| | Somewhat Met | 60 to 79% |
| | Not Met | less than 60% |

Minister with an Annual Report tabled in both Houses of Parliament.

| Priority | Type | Strategic Outcome(s) and/or Program Activity(ies) |
|--|---------|---|
| Internal management | Ongoing | Oversight of Governor-in-Council appointments |
| Status: Met All | | |
| <ul style="list-style-type: none"> • A quick start-up of the Commission, which will provide for greater oversight of public appointments. | | |

Risk Analysis

As the Commission was not established/operational in 2010-11, the Secretariat's work was completed "in draft"; that is, subject to the approval of the Commission, once established. In 2010-11, there was no permanent staffing of the Secretariat. The Secretariat's work primarily focused on research and identification of best practices, to be shared on a timely basis with Privy Council Office officials, in order to inform their ongoing reform efforts in support of the appointments system.

Summary of Performance

2010-11 Financial Resources (thousands of dollars)

| Planned Spending | Total Authorities | Actual Spending |
|------------------|-------------------|-----------------|
| 1,063 | 1,018 | 294 |

2010-11 Human Resources (full-time equivalents—FTEs)

| Planned | Actual | Difference |
|---------|--------|------------|
| 4 | 1 | 3 |

Strategic Outcome: To ensure fair and competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations.

| Performance Indicators | Targets | 2010-11 Performance |
|--|---------|---|
| Implementation of the performance measurement strategy will need to coincide with the establishment of the Commission. | TBD | <p>The work of the Secretariat is required to update options developed for the Commission's <i>Code of Practice</i>, and to address concerns raised about current appointment processes. In 2010-11, this work included: identification of selection criteria for governance boards as well as individual appointments; terms and conditions governing reappointments; communication protocols; performance evaluation systems; and lengthy appointment rounds.</p> <p>The Secretariat continued to develop its planning and reporting instruments, including updates to a human resources strategic plan and an internal audit system. This work helps to ensure that the Secretariat will be in a position to support a quick start-up of the Commission, once established.</p> |

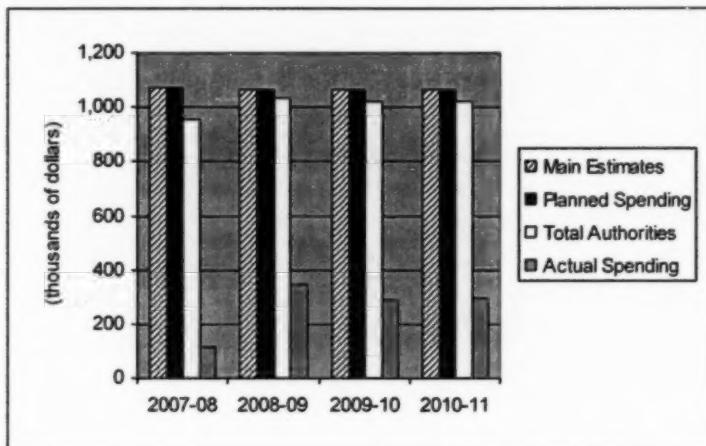
| Program Activity | 2009-10 Actual Spending (thousands of dollars) | 2010-11 ³ (thousands of dollars) | | | | Alignment to Government of Canada Outcome |
|---|--|---|---------------------|----------------------|--------------------|--|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending | |
| Oversight of Governor-in-Council appointments | 238 | 963 | 963 | 918 | 244 | Well-managed and efficient government operations |
| Total | 238 | 963 | 963 | 918 | 244 | |

| Program Activity | 2009-10 Actual Spending (thousands of dollars) | 2010-11 (thousands of dollars) | | | |
|-------------------|--|--------------------------------|---------------------|----------------------|--------------------|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending |
| Internal Services | 53 | 100 | 100 | 100 | 50 |

3. Commencing in the 2009-10 Estimates cycle, the resources for Program Activity: Internal Service is displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by program activity between fiscal years.

Expenditure Profile

Departmental Spending Trend (thousands of dollars)



The Secretariat was fully operational in 2006-07, the year of its establishment. Shortly thereafter, the Commission was held in abeyance. Since 2007-08, the Secretariat has been laying groundwork for a new Commission, and its expenditures have remained stable for the past three fiscal years. Total planned spending will only be required once the Commission resumes full operation.

Estimates by Vote

For information on our organizational Votes and/or statutory expenditures, please see the 2010-11 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available on the Public Works and Government Services Canada website.⁴

4. See Public Accounts of Canada 2010, <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html>.

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

To ensure fair and competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations.

Program Activity: Oversight of Governor-in-Council appointments

Oversight of Governor-in-Council appointments covers activities relating to: the development of options for a principle-based and proportional Code of Practice, including minimum standards covering selection criteria, recruitment strategies and assessment processes; the development of procedures and guidance to assist auditors to assess compliance with the Code of Practice, once implemented; continued research into domestic and international agencies responsible for public appointments to identify best practices; the development of frameworks for reporting to the Prime Minister and Parliament; and internal evaluation frameworks to measure success in achieving the mandate. Additionally, advice and best practices are shared with Privy Council Office officials to support ongoing improvements to existing appointment frameworks.

2010-11 Financial Resources (thousands of dollars)

| Planned Spending | Total Authorities | Actual Spending |
|------------------|-------------------|-----------------|
| 963 | 918 | 244 |

2010-11 Human Resources (FTEs)

| Planned | Actual | Difference |
|---------|--------|------------|
| 4 | 1 | 3 |

| Expected Results | Performance Indicators | Targets | Performance Status |
|---------------------|------------------------|----------------|---------------------|
| For the Commission, | As part of a broader | Implementation | Ongoing work of the |

| | | | |
|--|---|--|--|
| <p>outcomes toward success include: public recognition and confidence in public appointment systems; partner compliance with the principles and minimum standards established; widespread use of consistent documents and procedures geared to specific organizational needs; identification and widespread dissemination of best practices; application of procedures to provide for a wider range of applicants; and high quality reporting systems.</p> | <p>performance measurement strategy, performance indicators have been developed for the Commission and its Secretariat.</p> | <p>of the performance measurement strategy will need to coincide with the establishment of the Commission.</p> | <p>Secretariat has resulted in progress in developing and implementing clear and concise selection criteria and processes; improved timing of appointments; availability of orientation and training for new appointees, which includes addressing conflict-of-interest rules and ethical and political activities guidelines; and development of performance evaluation systems (Auditor General 2009).</p> <p>Successful completion of this work requires establishment of Commission.</p> |
|--|---|--|--|

Performance Summary and Analysis of Program Activity

Support the Commission

The Secretariat is charged with the development of policy and operational documents for consideration by the Commission once established.

Accordingly, materials have been prepared and updated, on an ongoing basis, to reflect practices for similar entities, both domestically and internationally. The materials include guidance for the board of directors, an internal code of conduct, a strategic communications policy, speeches and other outreach materials, such as brochures and leaflets, and the development of a website to be launched with the announcement of a Commission. The website will explain the roles and functions of the Commission and present key documents such as the Code of Practice and associated guidance.

Build the Organization

The Treasury Board of Canada has approved the Program Activity Architecture and funding for the Commission and the Secretariat, once both are fully operational. Resources are deemed sufficient for a Commission comprising part-time member(s), a core Secretariat of three to four

permanent staff, and an annual contract (via government tendering processes) to secure external auditors to assess compliance with Commission policies and procedures. In advance of the Commission, expenditures have been limited. Funds have been used to support the preliminary work of a core Secretariat, staffed on a temporary basis. Additionally, a management accountability framework has been prepared that outlines how performance for both the Commission and its Secretariat will be assessed, once the former is established.

The Secretariat is currently supported by the Privy Council Office for financial and administrative services via a Memorandum of Understanding. The costing of the Memorandum of Understanding is now fully reflected in all of the Secretariat's financial reporting. Preparations for permanent staffing have also been completed, which should provide for a quick start-up of the permanent structure once an executive director (as deputy head) is appointed.

Develop the Code of Practice

The Secretariat has developed options for a Code of Practice, which will be the primary document the Commission will need to review, adopt and publish to fulfill its mandate within the shortest timeframe.

The Code of Practice will be the definitive document for public organizations under the Commission's jurisdiction, though it could be supplemented by procedures developed and tailored by individual agencies.

The Secretariat's consultative work and ongoing work programs, including research into procedures and best practices of similar domestic and international accountability bodies, have indicated widespread agreement on the fundamental directions and the range of options developed for the Code of Practice. There is a strong consensus for a Code of Practice that can build on the strengths and recent reforms of the current system, and still maintain the well-established tradition of ministerial responsibility, specifically the following.

- The processes set out by the Code of Practice will need to be cost-effective, timely, and not burdensome, particularly in light of the wide range in size, scope and profile of federal organizations under the

Commission's jurisdiction, which argues against a "one size fits all" approach.

- The focus will need to remain on competency-based appointments, but with sufficient allowance to meet diversity and representational needs for public boards (i.e., relevant skills, interests and backgrounds).
- The Code of Practice will need to be flexible and proportionate, meaning that appointment processes are to be appropriate to the nature and profile of the vacancy to be filled, the needs of the organization and its stage of development.
- In all cases, appointment processes adopted need to be set out clearly and publicly.

The ongoing work of the Secretariat in 2010-11 has provided for continuing development of this draft Code of Practice. Options have now been incorporated which provide for standardization of procedures for reappointments and term extensions, increased requirements for planning to improve the timing of appointments and reappointments, and stronger reporting requirements.

Monitor, Audit and Report

A draft Performance Measurement Framework has also been prepared, with the assistance of the Treasury Board Secretariat. This framework will enable measurement of performance in relation to the expected outcomes of the Commission and its Secretariat, once fully established and operational. Performance indicators are based on compliance with the Code of Practice, evidence of consistent and quality selection processes, internal cultural support for governance reforms in appointment processes and increased public awareness and support for the appointment system in general. A proposed framework has also been developed for the Commission's Annual Report. The Commission and its Secretariat will be subject to internal audits, under the supervision of the Privy Council Office, as set out in the Memorandum of Understanding.

Lessons Learned

Governor-in-Council appointments are made by the Governor General on the advice of the Cabinet. This consists of approximately 2,500 appointees, including a large number of non-judicial appointments that are made to agencies, boards, commissions and Crown corporations each year. The appointment system to fill these vacancies follows well-developed policies and procedures, with a view to providing for qualified appointments and achieving efficiency in this sector. Filling vacancies can be accomplished through reappointments of incumbents or by searching for, selecting and evaluating new candidates.

Officials designated to assist the Governor in Council with respect to appointments need to accurately identify and manage vacancies in a timely manner to ensure that boards have the capacity to operate at or close to their full potential. This requires internal systems and active management. Planning is also required to determine an appropriate approach to filling a position. Up-to-date selection criteria are a prerequisite to reflect the needs of the organization and the specific qualifications required of the prospective office holder. Once determined, the Privy Council Office-developed and managed centralized website will allow prospective candidates to find out about vacancies. Selection procedures will also be developed based on position requirements and implemented through formalized selection processes. Candidates recommended for possible appointment will also be assessed for probity and possible conflicts of interest. Once chosen, the names of candidates will be publicly announced and the candidates will be provided with appropriate orientation and training.

Recently, efforts have also been made to closely integrate the appointing process within the general framework of agency governance. For example, the President of the Treasury Board has concluded a review of all Governor-in-Council positions to agencies, boards, commissions and Crown corporations in order to determine the optimal size of these organizations, implement reductions where appropriate and necessary, and ensure operational efficiency and fiscal responsibility. This review recommended a reduction of 245 positions. Most jurisdictions go a step further and are now moving toward formalizing such reviews through regular monitoring, with the goal of ensuring that agency mandates remain relevant and that

agencies continue to perform effectively the public function for which they were established.

Much progress has been made since 2006 to strengthen the appointment system and to improve its rigour. A centralized Commission website, still under development, has been updated and upgraded on an ongoing basis. Greater clarification has been provided for roles and responsibilities in all aspects of the appointment process, including the involvement of boards of directors in the search for and selection of CEOs of Crown corporations. Orientation and training programs for new appointees in leadership positions have been revamped, and ministers and deputy ministers now receive strengthened guidance and support, including advice on communication protocols and a monthly vacancy report that outlines all appointments set to expire within the upcoming year. To further strengthen vacancy management, guidance now requires that incumbents receive adequate notice if their terms will not be renewed.

Secretariat research further suggests that consideration be given to strengthening specific areas of the system. This includes: developing and implementing an interactive component for the website, where Canadians can learn about the regular workings of the public appointment system and self-identify their interest in being considered for public appointments; engaging in greater active outreach to encourage a wider range of applicants; ensuring that all vacancies posted provide sufficient information on the qualifications and experience required to allow individuals to self-assess; ensuring that sufficient information on selection and decision-making processes is made available to the public; and providing regular reports on the population of Governor-in-Council appointees, including key characteristics such as age, sex, language, region of operation, appointment and reappointment terms, and range of remuneration.

The development and implementation of strong reappointment policies will also bolster efficiency and support quality competency-based appointments. Reappointments can provide for the retention of experienced and highly skilled individuals, thereby promoting board balance and stability. They can also promote timely vacancy management, and capitalize on appointee training and development costs, as well as avoid both the costs and time associated with launching initial appointment procedures. At the same time, a decision to reappoint may need to be balanced against the advantages of

introducing fresh thinking to a public organization through the appointment of new and qualified candidates.

Currently, there are no consistently applied protocols regarding reappointments. Reappointment protocols include considerations such as whether a board member continues to meet the qualifications for the position to be filled, whether the incumbent has performed satisfactorily during his/her latest term, and whether the incumbent should be assessed against other interested and qualified candidates. Assessment of adequate performance, for example, might require that appointing authorities determine, in advance, assessment criteria related to job requirements and ensure that all new appointees are made aware of the performance criteria against which they will be assessed. Performance assessments should also be considered for incumbents in quasi-judicial positions, although this would necessitate the development of assessment criteria that do not interfere with the principle of organizational independence. The precise role of board members in performance evaluation might also be addressed through formalized protocols with responsible ministers.

In addition to the above considerations, efficiencies could be found by requiring appointing authorities to outline, in advance, their strategies to fill a vacancy including: information on the proposed recruitment and selection processes; a detailed timetable; up-to-date documentation relating to the position and the public organization; consultation plans (if required); and communication protocols. Post-appointment evaluations could then be reviewed in relation to planning documents.

Program Activity: Internal Services

The Public Appointments Commission Secretariat is limited in size and the Secretariat must function as a department within the meaning of Schedule 1.1 of the Financial Administration Act. For this reason, the Privy Council Office's Corporate Services Branch provides most administrative and financial services under a Memorandum of Understanding.

2010-11 Financial Resources (thousands of dollars)

| Planned Spending | Total Authorities | Actual Spending |
|------------------|-------------------|-----------------|
| 100 | 100 | 50 |

2010-11 Human Resources (FTEs)

| Planned | Actual | Difference |
|---------|--------|------------|
| 0 | 0 | 0 |

Performance Summary and Analysis of Program Activity

The Privy Council Office provides administrative and financial services under a Memorandum of Understanding, with most services provided by the Privy Council Office on a cost-recovery basis.

Lessons Learned

In 2010-11, the Secretariat continued to access the expertise of the Privy Council Office in order to reduce operating costs.

Section III: Supplementary Information

Financial Highlights

Condensed Statement of Financial Position
As at March 31, 2011 (thousands of dollars)

| | % Change | 2010-11 | 2009-10 |
|-------------------|-----------|-----------|-----------|
| Total assets | 1% | 93 | 92 |
| Total liabilities | 8% | 94 | 87 |
| Equity of Canada | -120% | -1 | 5 |
| Total | 1% | 93 | 92 |

Condensed Statement of Financial Position
For the year ended March 31, 2011 (thousands of dollars)

| | % Change | 2010-11 | 2009-10 |
|-------------------------------|-------------|------------|------------|
| Total expenses | -11% | 359 | 404 |
| Total revenues | | 0 | 0 |
| Net cost of operations | -11% | 359 | 404 |

Financial Highlights Charts and/or Graphs

Total net cost of operation was \$359 thousand at the end of fiscal year 2010-11, a decrease of \$45 thousand from fiscal year 2009-10. The decrease is mainly due to lower costs for translation, the Employee Benefit Plan and severance pay.

Assets by type

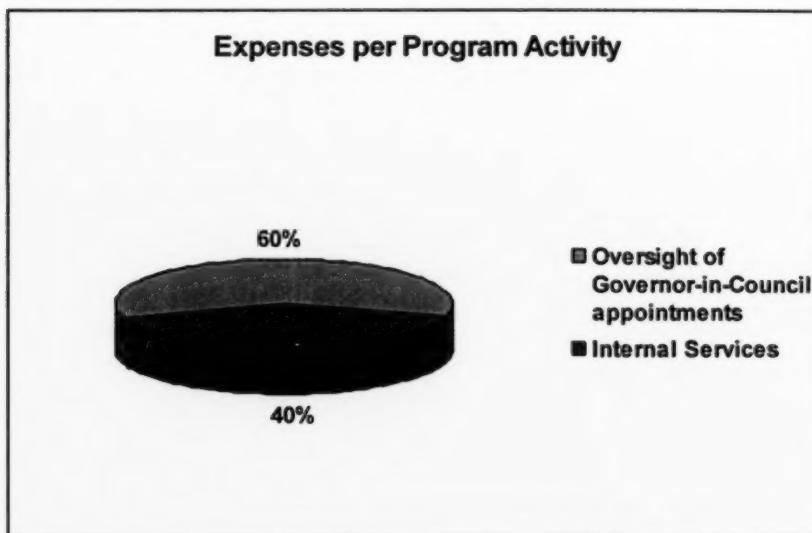


Total assets at the end of fiscal year 2010-11 were \$93 thousand, an increase of \$1 thousand over the previous year. Accounts receivable represent 100% of the Secretariat's assets.

Liabilities by type



Total liabilities were \$94 thousand at the end of fiscal year 2010-11, an increase of \$7 thousand from fiscal year 2009-10. The increase was mainly related to higher accounts payable to other federal departments.



The Secretariat has two Program Activities related to its strategic outcome. The Program Activity "Oversight of Governor-in-Council appointments" represents the main activity and contributes to the achievement of the Government of Canada outcome "Well-managed and efficient government operations" by ensuring that selection processes for federal Governor-in-Council appointments are fair and competency based. The Internal Services Program Activity supports the effective and efficient delivery of the first program.

In fiscal year 2010-11, \$216 thousand (60%) was spent under the program activity "Oversight of Governor-in-Council appointments" and \$143 thousand (40%) was spent under the program activity "Internal Services".

Financial Statements

The Secretariat's financial statements can be found at www.pco-bcp.gc.ca in the Reports and Publications section.

List of Supplementary Information Tables

There are no supplementary information tables for the Secretariat for fiscal year 2010-11.⁵

5. All electronic supplementary information tables found in the 2010-11 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat website. See

Section IV: Other Items of Interest

Organizational Contact Information

Public Appointments Commission Secretariat

155 Queen Street

Room 319

Ottawa, Ontario

K1A 0A5

Tel: (613) 952-4906

Fax: (613) 957-5016

Email: info@pac-cnp.gc.ca